



*Welcome*



# Climate Finance in Fragile and Conflict Affected Situations

**Workshop on Addressing Loss and Damage**

**Adrianna Hardaway**

Senior Policy Advisor, Climate



# What is the problem?

## Climate Finance isn't Reaching Fragile and Conflict Affected Situations (FCS)

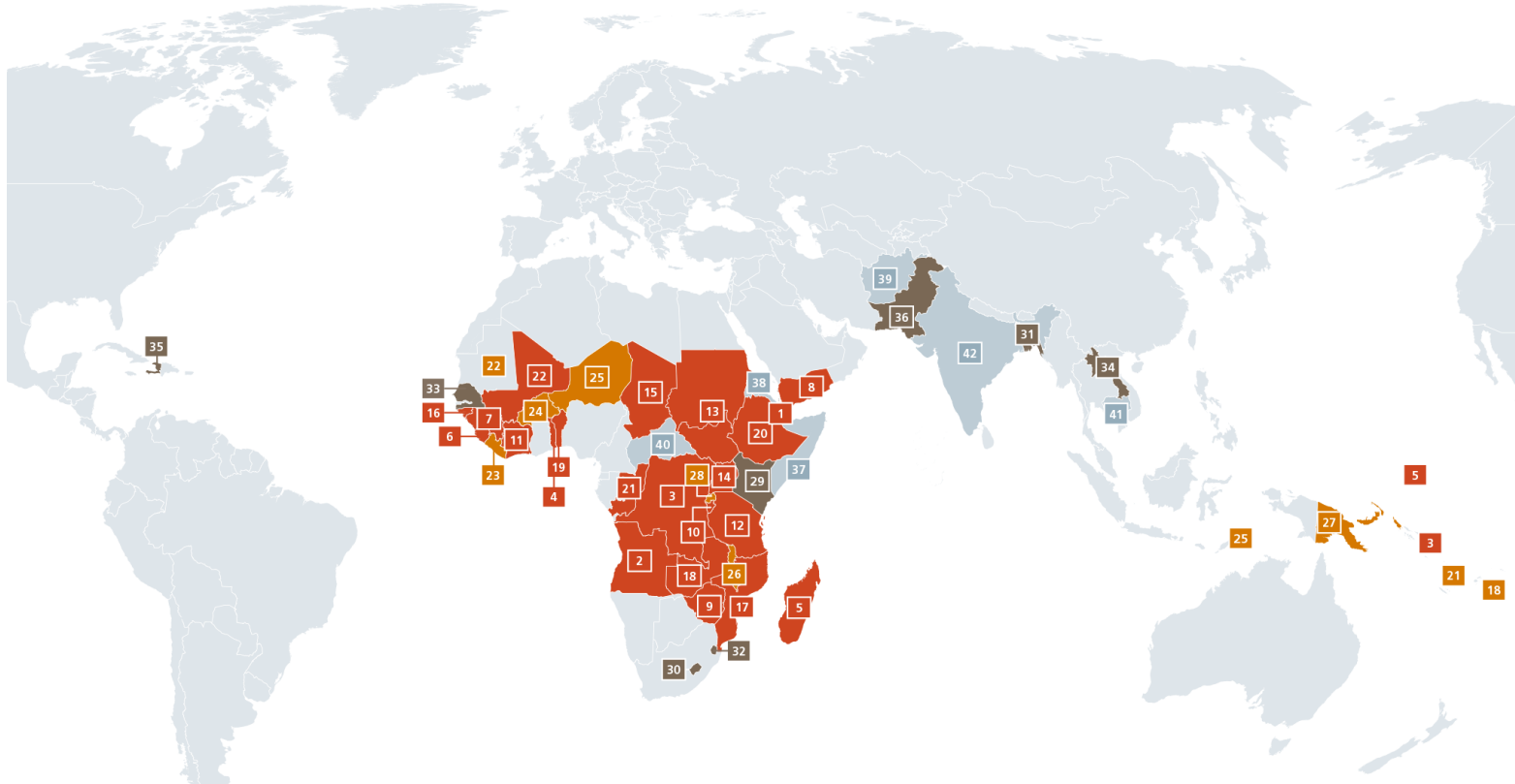
- › In 2020 **only \$28 billion international adaptation finance was provided** – compared to **estimated needs of \$160-340 billion** by 2030 (UNEP).
- › **18 FCS rank among the top 25 countries globally for highest vulnerability and least coping capacity towards climate change** (ND-GAIN 2022).
- › FCS have limited capacity to prepare and respond to climate impacts, and frequently lack the resources to rebuild between repeated climate shocks, much less invest in adaptation to reduce the risks.
- › These **countries consistently bear the brunt of climate change impacts, despite contributing very little** to historic and ongoing greenhouse gas emissions.

# Climate vulnerable countries receiving less than \$20, \$10, or \$5 per capita of those living in extreme poverty per year (average 2010-2017)

**\$20** Less than \$20 per person per year

**\$10** Less than \$10 per person per year

**\$5** Less than \$5 per person per year



1. Djibouti	\$0.13
2. Angola	\$0.76
3. Congo, the Democratic Republic of	\$0.92
4. Togo	\$1.36
5. Madagascar	\$1.47
6. Sierra Leone	\$1.72
7. Guinea	\$1.90
8. Yemen	\$1.92
9. Zimbabwe	\$2.05
10. Burundi	\$2.25
11. Cote d'Ivoire	\$2.44

12. Tanzania, United Republic of	\$2.44
13. Sudan	\$2.50
14. Uganda	\$2.91
15. Chad	\$3.27
16. Guinea-Bissau	\$3.73
17. Mozambique	\$3.84
18. Zambia	\$4.46
19. Benin	\$4.82
20. Ethiopia	\$4.84
21. Congo	\$4.91
22. Mali	\$4.97

23. Liberia	\$5.71
24. Burkina Faso	\$6.46
25. Niger	\$6.58
26. Malawi	\$6.73
27. Papua New Guinea	\$6.82
28. Rwanda	\$6.87
29. Kenya	\$10.38
30. Lesotho	\$11.32
31. Bangladesh	\$13.69
32. Eswatini	\$14.88
33. Senegal	\$16.61

34. Lao, People's Democratic Republic of	\$16.68
35. Haiti	\$19.04
36. Pakistan	\$19.59
37. Somalia	N/A
38. Eritrea	N/A
39. Afghanistan	N/A
40. Central African Republic	N/A
41. Cambodia	N/A
42. India	N/A

# Breaking the Cycle Report

## Objectives and Findings

- › Previous analyses of the gaps in global financing increase our understanding of the difficulties in delivering climate finance in fragile and conflict-affected places. **With this research we wanted to answer the question what can be done to overcome these challenges?**
- › *Breaking the Cycle* explores concrete solutions that could be implemented by major climate funders to increase the delivery of climate adaptation finance to fragile states. It draws on examples and learning from a selected funders and specific mechanisms (both in the climate and non-climate space) already working effectively or with the potential to increase funding for climate adaptation in fragile states across the programming life cycle.
- › What we found is that **it's simply not true to say that delivering climate adaptation work in fragile contexts cannot be done.**

## Challenges in Accessing and Utilizing Climate Finance for FCS

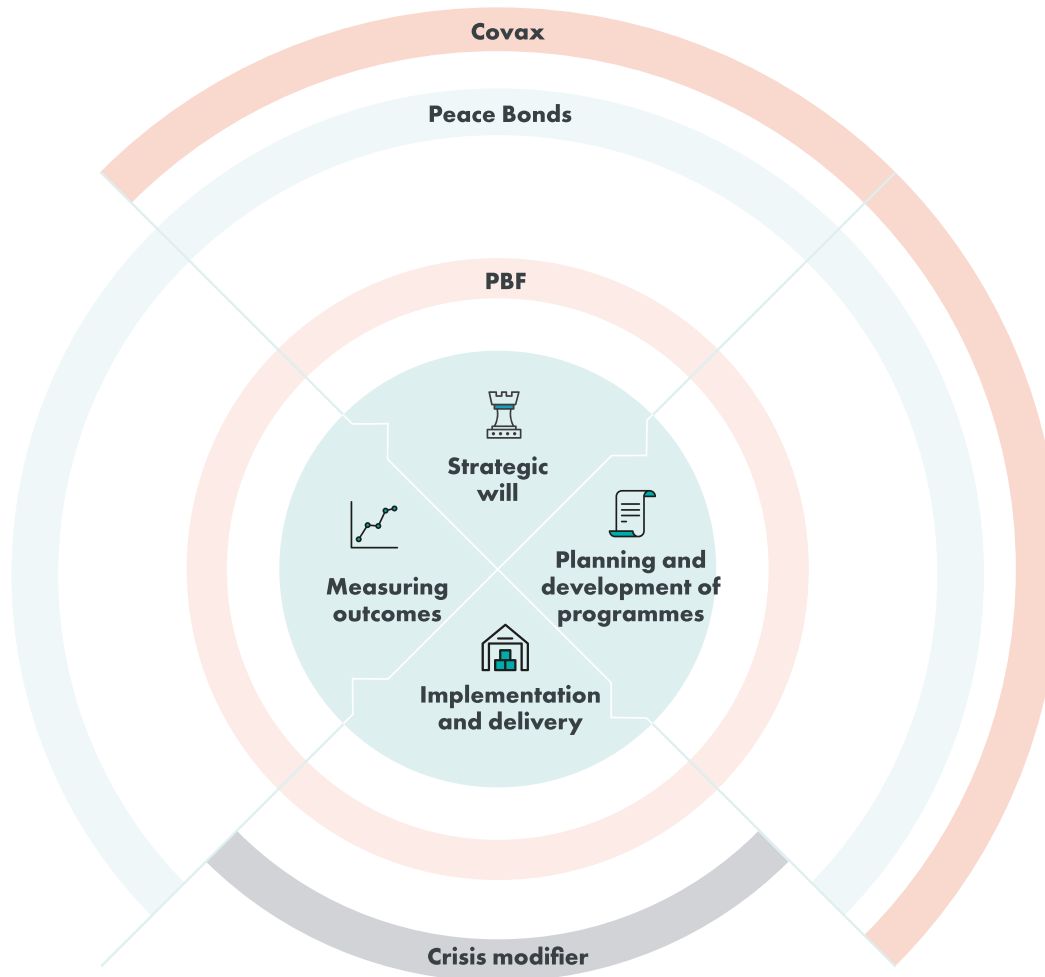


# Deep Dive

## Adaptation Programming Life Cycle

- › **Strategic will:** The complexities of FCS, are at odds with the typical risk tolerance and appetite of climate finance providers, who tend to favor safer operating environments where there is higher certainty of a return on investment and/or of project success.
- › **Planning and development of programs:** Where government institutions are weak and fiduciary processes do not meet rigid accreditation standards (e.g. those designed to mitigate the risk of fraud and corruption), securing the ability to implement projects using financing from climate funds can be challenging.
- › **Implementation and delivery:** Climate programs are often unable to adapt to volatile contexts due to inflexible funding protocols and rigid operational bureaucracy.
- › **Measuring outcomes:** Standard monitoring and evaluation (M&E) processes, where information stays between implementing partners and communities, limit the ability of climate funders to monitor risks on the ground which impacts their understanding of risks.

## Practical Solutions in the Adaptation Program Lifecycle





# UN Peacebuilding Fund

## Key Learnings

- › **“Risk tolerance is part of the PBF DNA”**
- › **Catalytic effect:** PBF act as a conversation starter, and ‘tugboat’ to pull climate finance and donors into otherwise neglected conflict affected and fragile areas.
- › **Local organizations and local stakeholders are provided for systematically in funding** to reach the communities that need most support and ensure local ownership.
- › **Project flexibility is written into guidelines and operational protocols** to ensure that approval processes are rapid, and appropriate to the type of change being requested, helping to keep projects relevant to changes on the ground.

# Crisis Modifiers

## Key Learnings

- › **Crisis modifiers (CMs) can mitigate emerging crises and preserve development gains** by enabling flexible responses to crises in real time.
- › **CMs can also lower climate finance providers' risk-based aversion** to investing in such contexts, which is often caused by high risk perceptions rather than actual risks, by supporting more accurate assessment of conflict risks and setting out in advance clear strategies to manage them.
- › **CMs have created synergies between the humanitarian and development sectors** by supporting the humanitarian localization agenda and providing those implementing development programs with the tools and agency to identify, prioritize and respond to humanitarian crises through existing program delivery structures or social protection channels.

# What does this mean for addressing loss and damage?

- › The loss and damage fund and funding arrangements must be designed with the needs and realities of fragile and conflict affected states in mind.
- › Adopt conflict-sensitive guidelines or measures so financing for loss and damage does not exacerbate drivers of conflict.
- › Improve risk appetite and tolerance- need a more sophisticated analysis of risk to better understand perceived risk versus the real risks of operating in different FCS.
- › Funding to address loss and damage must be accessible to local governments, communities and organizations. Establish dedicated access windows to channel finance to national and local entities.
- › Tools like crisis modifiers can be deployed to respond to sudden onset events in the aftermath of climate disasters like storms and floods.

*Thank You!*

